

MINUTES OF THE REGULAR MEETING
OF THE HOUSING AND COMMUNITY DEVELOPMENT
CORPORATION OF HAWAII
HELD AT THEIR OFFICE AT 677 QUEEN STREET
ON THURSDAY, APRIL 14, 2005,
IN THE CITY AND COUNTY OF HONOLULU, STATE OF HAWAII

The Board of Directors of the Housing and Community Development Corporation of Hawaii met for a regular meeting at 677 Queen Street, on Thursday, April 14, 2005 at 9:05 a.m.

The meeting was called to order by Secretary Francis L. Jung and, on roll call, those present and absent were as follows:

CALL TO
ORDER/
ROLL CALL

PRESENT: Director Francis L. Jung
Director Betty Lou Larson (arrived at 12:30 p.m.)
Designee Rick Manayan
Designee Henry Oliva
Director Linda Smith
Director Travis O. Thompson

Executive Director Stephanie Aveiro

EXCUSED: Director Charles King
Director Charles Sted

Staff Present: Sandra Ching, Deputy Attorney General
Pamela Dodson, Executive Assistant
Janice Takahashi, Planner
Al Nitta, Planner
Jeanne Hamilton, Planner
Georgina Lopez, Housing Information Specialist
Tom Otake, Housing Development Section Acting Chief
Stan Fujimoto, Housing Development Specialist
Chris Sadayasu, Housing Development Specialist
Gary Umeda, Housing Inspector
Caroline Ohtani, Acting Development Branch Secretary
Mei Hui, Clerk Typist
Emma Deleon, Clerk Typist
Darren Ueki, Finance Manager
Mike Hee, Contracts Administration Section Chief
Shirley Higa, Secretary to the Board

OTHERS: Claudia Shay, Self-Help Housing Corporation
Ada Nagao
Gregory G. Gotthardt, Managing Director of Alvarez & Marsal
Joe Calcara, Realty Officer, Naval Facilities Engineering Command,
Pacific Division
Brad Davis, Public Private Venture Program Manager, Naval
Facilities Engineering Command, Pacific Division

Acting Chairman Jung declared a quorum was present.

QUORUM

Director Thompson moved, seconded by Designee Oliva

That the minutes of March 17, 2005 be approved as:
presented.

The motion was unanimously carried

Staff’s recommendation was presented as follows:

That the HCDCH Board of Directors approve the Public
Housing Agency FY 2005 5-Year and Annual Plans for
Submission to HUD.

Planner Al Nitta reported that public hearings were held and staff made changes in
response to comments received by the HCDCH Board of Directors, the Resident
Advisory Board (RAB) and the general public. Mr. Nitta highlighted the changes
to the PHA 5-Year Plan as follows:

- Addition of analyzing the feasibility to privatize and/or sell the
federal public housing in order to improve the quality of assisted
housing for low-income residents.
- Addition of an evaluation of the existing administration of the
Section 8 Housing Voucher Program.

Regarding changes to the Annual Plan, the following changes were made:

- Kuhio Park Terrace has been specifically identified to have a Fire
Alarm System and funds to replace appliances; and
- Pet deposits will be \$75.00 for all residents except for service dogs
for the disabled.

Director Thompson commended staff for their work with RAB and the outcome of
the discussions with them.

There being no further discussion, Director Thompson moved, seconded by
Designee Manayan

That staff’s recommendation be approved.

The motion was unanimously carried.

Staff’s recommendation was presented as follow:

That the HCDCH Board of Directors approve the
SHHCH’s request for an extension of HCDCH’s interim
DURF loan commitment to May 13, 2006 subject to the
same conditions approved in the May 13, 2004 For Action.

Project Coordinator Chris Sadayasu explained that the Self-Help Housing
Corporation of Hawaii (SHHCH) has requested a one-year extension of the
Dwelling Unit Revolving Fund (DURF) interim loan as it continues to negotiate
with the City and County of Honolulu (C&C) for the purchase of the land.

Director Smith moved, seconded by Designee Oliva

That staff’s recommendation be approved.

APPROVAL
OF
MINUTES -
3/17/2005

APPROVAL
OF THE
PUBLIC
HOUSING
AGENCY
FY 2005
5-YEAR
AND
ANNUAL
PLANS
FOR
SUB-
MISSION
TO THE
U.S.
DEPART-
MENT OF
HOUSING
AND
URBAN
DEVELOP-
MENT

APPROVAL
OF
EXTENSION
OF AN
INTERIM
LOAN
COMMIT-
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TO THE
SELF-
HELP
HOUSING
CORPORA-
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OF HAWAII

Claudia Shay of SHHCH addressed the Board to explain the current status of her discussions with the new administration of the C&C. Meetings have been scheduled to update the new administrators regarding the proposed purchase. Ms. Shay stated that there are 3,000 families expressing interest to participate in the program. Following the approval by the C&C, SHHCH will immediately begin processing the loans for those qualified families and then be able to repay the DURF loan. A task force was organized and their recommendation for the land was to sell it to a non-profit agency such as SHHCH.

Director Thompson asked if there is any impact on any other projects should the one-year extension be approved.

Executive Director Stephanie Aveiro stated that the encumbrance for the loan would not prohibit HCDCH from considering future financing requests from DURF.

In response to Director Smith’s query, Ms. Shay stated that the purchase price is not an issue with the C&C.

Director Smith commented that a letter of support by HCDCH might expedite the decision by the C&C for the approval of the purchase of the land by SHHCH as approximately \$6.9 million in DURF funds is being held in abeyance.

Director Thompson supported this and suggested that the Executive Director follow up with a letter to the C&C on this matter.

There being no further discussion, the motion was unanimously carried.

Staff’s recommendation was presented as follows:

That the Board of Directors of the Housing and Community Development Corporation of Hawaii:

- A. Approve the extension of the Rental Assistance Contracts for Hilo Hale Ohana I and II until Novemerber 30, 2005.
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate intent and purposes of this For Action.

Finance Manager Darren Ueki explained that the original purpose of the Rental Assistance Program (RAP) was to provide subsidies to owners of newly constructed or rehabilitated affordable rental housing projects to lower out-of-pocket rent paid by eligible tenants.

The Hilo Hale Ohana is a 96-unit affordable rental project built in three phases with their contracts ending at various times in 2005. The owner has requested that all contracts end on November 30, 2005. An extension of the contracts will not exceed the original commitment to the project.

The Rental Assistance Contracts include a shared appreciation provision between HCDCH and the Owner effective upon the sale of the project, refinancing or prepayment of the project’s first mortgage. As Hilo Hale Ohana will be the first project whose Rental Assistance Contract will expire, staff will need to assess the appreciation of the project. The owner will also have to study its options upon the expiration of the contract.

Designee Manayan moved, seconded by Designee Oliva

That staff’s recommendation be approved.

FOR THE
PURCHASE
OF 57
FINISHED
LOTS
IN THE
EWA
VILLAGES –
AREA A
(LOKAHI
GREENS)
SUBDI-
VISION

EXTENSION
OF
RENTAL
ASSIST-
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CONTRACTS
FOR
HILO
HALE
OHANA
PROJECT

Mr. Ueki also stated that \$12.9 million is available for future subsidies which will probably last for six years. At the end of the six years, the agency will need to request for more funds from the Legislature to continue the program.

Director Smith asked if the RAP is one of the eight housing programs that has had its funds transferred to the General Fund over the years for purposes other than to provide for affordable housing. Mr. Ueki answered in the affirmative.

Mr. Ueki also explained that the appreciation of the project is the current value of the project less the cost to build it less the discounted value of the Rental Assistance Payments, would be shared between HCDCH and the owner.

Mr. Ueki continued that staff would pursue renewing the contract with the owner in order to keep the project as an affordable housing project. He also noted that staff would need to request from the Legislature for more funding to continue the program.

There being no further questions, the motion was unanimously carried.

Staff’s recommendation was presented as follows:

That the HCDCH Board of Directors:

- 1. Approve an Interim Construction Loan to the Department of Hawaiian Home Lands for the Villages of Kapolei, Village 8, “Kaupea” Housing Project.
- 2. Authorize the Executive Director or Designee to Finalize and Execute an Interim Construction Loan Agreement subject to the terms as described in the body of this For Action item.

Subject to:

- 1. Approval and ratification by the Hawaiian Homes Commission.
- 2. Availability of Dwelling Unit Revolving Funds.
- 3. Approval and release of funds by the Governor.
- 4. Compliance with all rules and regulations and such other terms and conditions as may be required by the Executive Director.

Acting Development Section Chief Tom Otake explained that the Department of Hawaiian Home Lands (DHHL) has requested interim construction financing of \$59 million for their Kaupea project located in Village 8 of the Villages of Kapolei. The 3-year loan is limited to the house construction, as the site work will be funded by DHHL with the maximum peak draw amount to be \$10 million.

Executive Director Stephanie Aveiro explained that due to legislative hearings, Micah Kane, Chair of the Hawaiian Homes Commission, was not able to address the HCDCH Board. However, Mr. Kane has expressed his desire to remove the one (1) point loan fee that is included in staff’s recommendation.

Mr. Otake stated that the one (1) point loan fee couldn't be removed as it is in the agency’s administrative rules which staff must follow.

APPROVAL
OF AN
INTERIM
CONSTRUC-
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LOAN
TO THE
DEPART-
MENT OF
HAWAIIAN
HOME
LANDS
FOR THE
VILLAGES
OF
KAPOLEI,
VILLAGE 8,
“KAUPEA”
HOUSING
PROJECT
AND
AUTHORI-
ZATION
TO THE
EXECUTIVE
DIRECTOR
OR
DESIGNEE
TO
FINALIZE
AND
EXECUTE
AN
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Director Thompson asked if the funds are readily available to which Mr. Otake answered that it includes part of the existing cash flow within the Dwelling Unit Revolving Fund (DURF).

Director Thompson moved, seconded by Designee Manayan

That staff's recommendations be approved.

The motion was unanimously carried.

(Designee Rick Manayan left the meeting at this time - 9:45 a.m.)

Gregory G. Gotthardt, Managing Director of Alvarez & Marsal, explained that as one of the objectives of the study is to utilize real estate assets as a leveraging tool to increase or improve the existing housing inventory.

Since the study began three weeks ago, 40 properties of HCDCH have been identified as being in high-value locations. The IBM Physical Needs Assessment (PNA) study was utilized to ascertain the initial conditions of the properties thereby analyzing the costs to rehab relative to value opportunities. The study did not however identify problematic areas such as asbestos or lead paint, which may severely lower the values of the projects.

Properties were then classified into three categories:

Sell for another use;
Hold and maintain; or
Raze and replace.

Mr. Gotthardt cited as an example of an existing 151-unit elderly project, which appears to be underutilized in terms of the land area. An initial analysis shows that the land area would be able to accommodate two high-rise buildings for a total of 400 units. The estimated net land value is \$22 million of which approximately \$146,000 would be immediately available per existing unit.

Director Smith noting that Mr. Gotthard has been working on the study in the last three weeks, asked why there was a delay in the study which was initially approved in June 2004.

Chief Planner Janice Takahashi explained that the U.S. Navy has a policy that it be paid in advance of all services rendered even if those services were subcontracted to Alvarez & Marsal. This policy would prevent the use of federal funds, as the requirement is to reimburse the agency for services after it has been received. Staff therefore had to identify a funding source that could pay in advance of all services to be rendered.

Ms. Takahashi further stated that staff had received HUD's approval to use capital fund monies that was available, however, federal funds are not allowed to pay for services not yet received. Another fund was later identified and the capital fund monies will be used to reimburse that particular fund.

Director Smith then asked if there were any parameters placed on the contract that would give approval to demolish an existing public housing project and replace it with a market housing project.

Ms. Takahashi responded that the contractor was asked to provide options as to how to best leverage the existing properties as well as maintaining the number of existing units. The objective of presenting the overview was to receive input from the Board as to the restrictions it would like to impose on the usage of the properties.

INFOR-
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ITEM -
UPDATE
OF
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STUDY

Director Smith commented that in light of the mission of HCDCH to increase existing housing stock immediately for low-income families, it might be a better approach to first assess the properties that are owned by HCDCH and then determine what the appraised values may be. After this is determined, then potential buyers of the property could be sought who would continue the mission of providing affordable housing. Subsequently the monies received from the sale, could be used to build other affordable housing projects.

Mr. Gotthardt explained that one dynamic factor of the study is that HCDCH is actually losing its inventory due to the age factors and becoming uninhabitable. However, if these units which are nearing the end of their usefulness in providing shelter, finding a better use which would create value for them, is a step in the right direction.

The public housing's median income targets are low which may not generate much interest from the public sector and therefore be very difficult to market.

With this in mind, attempting to improve the portfolio of the agency by studying properties which may not be in good condition but are located in a high market area are being studied. Those properties, which are in good condition, are not being considered which would provide a good mix of affordable housing units.

Director Smith commented that until the 17,000 housing units are built, demolishing existing habitable units should not be considered. The deterioration of the various buildings is already known and therefore a study need not focus on the deterioration of the projects. Rather it should focus on the appraised values of land that are underutilized where more housing units can be built. Existing buildings can also be used to leverage the assets without selling the properties.

Ms. Takahashi agreed however she cited the recommendations of the IBM Independent Assessment (IA) to re-engineer the real estate portfolio. The IA had options that the agency could pursue which are what staff used as a guideline when it entered into the contract for the asset management study.

Ms. Aveiro agreed that there is a need to provide affordable housing however the extensive deterioration of the projects need to be addressed immediately as well; especially due to the federal oversight the agency is presently under.

In response to the Acting Chair's query regarding the funds as a result of a possible sale of property, Ms. Aveiro stated that staff would identify the usage of the funds prior to receiving it from the sale.

Director Smith suggested that the study be used to determine how the existing assets could be leveraged to get 17,000 more units built before any unit is demolished.

Mr. Gotthardt explained that an analysis would have to be done on a project-by-project basis; however there have been cases of enhanced lease transactions occurring where no cash is exchanged and only land exchanged for another type of property or service.

Director Thompson asked that the Board be updated again at its next Board meeting.

Acting Chairman Jung called for a recess at 10:45 a.m.; meeting reconvened at 10:50 a.m.

RECESS

Project Coordinator Chris Sadayasu explained that the Department of Land and Natural Resources (DLNR) and HCDCH have identified various vacant parcels from its inventory that may be suitable for affordable housing. From these findings, HCDCH prepared a report for the Office of the Governor and other state agencies. The Office of the Governor’s Policy Office, working in conjunction with the Office of Planning of the Department of Business, Economic Development and Tourism (DBEDT) created a Geographic Information System (GIS) map of each island showing the locations of areas that show potential for development.

Mr. Sadayasu introduced Dennis Kim of Office of Planning and Demir Gjokaj of the Policy Office of the Office of the Governor. Mr. Gjokaj explained that the GIS map was prepared to show a nexus of information of properties that HCDCH identified as having potential for affordable housing developments.

HCDCH staff identified an area of land in Kapolei, which Mr. Gjokaj used as an example. Advantages to the GIS method is that it can identify the existing infrastructure and existing surrounding community sites such as public schools, libraries, etc. It is also able to ascertain the value of the property through the tax assessments.

Director Smith noted that in one example, approximately 64 lots have been identified as being developable. If so, in order to have homes built immediately, three options could be pursued: Request for Proposals; HCDCH develop the land itself or make the land available to the first developer who is able to deliver the houses in record time.

Acting Development Section Chief Tom Otake commented that although the GIS provides valuable information, considerations such as the infrastructure requirements need to be addressed.

Mr. Gjokaj then used the Big Island as an example. In response to Director Jung’s request, a 200-acre parcel was used as an example. The parcel is not zoned urban as it is still zoned agricultural at both state and county levels.

Mr. Gjokaj further stated that the GIS is a program which is on a disc that everyone can have access to and can use it to their advantage.

Acting Chair Jung thanked Mr. Gjokaj for demonstrating the advantages in using the GIS as a tool to assist the Board in formulating its policies.

Director Smith suggested that a future meeting might include a more in-depth look at sites that may be able to develop more housing.

Chief Planner Janice Takahashi stated that the Organization Subcommittee was formed in order to evaluate options for improving the agency’s performance of HUD-related activities as well as determining the feasibility of the options. Three options were identified:

- Public housing authorities that have the ability to provide technical assistance;
- Independent firms that focus in trouble agency turnaround; and
- HUD has a Recovery and Prevention Corps (RPC) that provide technical assistance to troubled PHAs.

Staff then prepared a scope of work to provide technical assistance relative to the MOA performance targets in the financial area. The technical assistance objective was to temporarily hire a Chief Financial Officer for HCDCH who would develop policies and improve overall accounting operations within the agency.

GEOGRAPHIC INFORMATION SYSTEM (GIS) PRESENTATION OF VACANT PARCELS SUITABLE FOR AFFORDABLE HOUSING DEVELOPMENT

REQUEST FOR PROPOSALS TO PROVIDE TECHNICAL ASSISTANCE

In order to generate the most interest, staff issued a Request for Proposals (RFP) rather than restricting it to PHAs.

(Designee Manayan returned to the meeting at this time - 11:20 a.m.)

(Acting Chair Jung noted that a quorum of five members was present.)

Director Smith commended Ms. Takahashi for an excellent job in producing the RFP within a short timeframe.

Finance Manager Darren Ueki explained that the Hula Mae Multi-Family Bond Program (HMMF) is a federally authorized program allowing HCDCH to issue tax-exempt revenue bonds to finance acquisition, rehabilitation or development of privately owned affordable rental housing projects. Although HCDCH issues the bonds, the repayment obligations are the responsibility of the developer or owner requesting such financing. The projects must comply with the rental rate and household income restrictions for a minimum period of 30 years.

The Low-Income Housing Tax Credit (LIHTC) Program allows tax credits on federal income tax returns for qualified expenditures for low-income housing units. Mr. Ueki further stated that the issuance of the tax-exempt bonds require a “private Activity Bond Cap” which is allocated to the State on an annual basis in a limited amount. The State will receive approximately \$239.18 million of Bond Cap and one-half made to the counties and the other half available for use by the State. Mr. Ueki does not expect any problems.

Staff’s recommendations were presented as follows:

Staff respectfully recommends that the HCDCH Board:

- 1. Adopt Resolution No. 094, attached as Exhibit D, which provides for official intent with respect to the issuance of revenue bonds for the Kauhale Olu I, II and III Project subject to the provisions recommended in Discussion Sections F, H, I, J, K and L;
- 2. Reserve up to \$380,022 annual Federal LIHTC and \$114,006 in annual State LIHTC from the non-competitive pool for the Kauhale Olu I, II and III project subject to the provisions recommended in Discussion Sections G, H, I, J, K and L;
- 3. Authorize the Executive Director to undertake all tasks necessary to undertake the intent and purposes of this For Action.

REQUEST
TO
ADOPT
RESOLU-
TION NO.
094
WHICH
PROVIDES
FOR
OFFICIAL
INTENT
WITH
RESPECT
TO THE
ISSUANCE
OF
HULA MAE
MULTI-
FAMILY
TAX-
EXEMPT
REVENUE
BONDS
AND
RESER-
VATION
OF LOW
INCOME
HOUSING
TAX
CREDITS
FOR THE
KAUHALE
OLU I, II,
AND III
PROJECT

Micron Real Estate is the developer and would be responsible for project acquisition, financing and construction management. Mr. Ueki introduced Michael Condry representing Micron Real Estate.

Director Smith moved, seconded by Director Thompson

That staff’s recommendations be approved.

Mr. Condry addressed the Board noting that he had completed a number of projects under the same program in California. Kauhale Olu I, II and III is comprised of a total of 124 units which are in need of renovation but will be kept for eligible low-income families who will pay no more than 30% of their income toward the rent expense. Interest in pursuing this particular project was due to the USDA 515 program which allow tenants to pay 30% of their income and provide 100% rental subsidy. Mr. Condry continued that under this program, the USDA would recognize market rents after the rehabilitation and subside accordingly thus

making the project financially viable.

In response to Director Thompson's query on the scoring of 49.75 points for the project for the low-income tax credits out of a total 76 points, Mr. Condry stated the only item that he considered was not weighted in the scoring was credit for preservation of at-risk properties. In California, preservation of existing affordable housing is considered high priority and ranked near the top.

There being no further discussion, the motion was unanimously carried.

Executive Director Stephanie Aveiro introduced newly hired Douglas Miki, Public Housing Supervisor and will be supervising the project managers. Mr. Miki stated that his property management experience has been with the private sector such as managing shopping centers, leasing commercial properties as well as private consultant.

OFFICE
OF
EXECUTIVE
DIRECTOR
REPORT

Chief Planner Janice Takahashi updated the Board on the current legislative session noting that the session is scheduled to end on May 5, 2005. Ms. Takahashi reviewed the highlights as follows:

- The Rental Housing Trust Fund Commission (RHTFC) appears to be moving forward to repeal the Commission giving HCDCH more flexibility with the RHTF;
- The Dwelling Unit Revolving Fund (DURF), if approved, would be able to use as permanent financing for affordable housing;
- Concurrent resolutions requesting HCDCH to reconsider the transfer of Waiahole Valley to the Department of Hawaiian Home Lands; and
- Legacy bill that would provide funds from the conveyance tax for conservation type efforts as well as provide more funding for the RHTF.

Director Smith added that the two omnibus housing bills are also making progress noting that Senator Menor passed the bill without revisions. In contrast, Sen. Brian Taniguchi, Chair, Ways and Means Committee, deleted the protection of the eight housing funds from being transferred to the General Fund, the conveyance tax revenue for the RHTF and 4% General Excise Tax waiver as an incentive for developers to build the first 2,500 affordable homes.

Ms. Aveiro continued her report by informing the Board that Hawaii was one of six states selected by the National Governors Association (NGA) Policy Academy on Strategies for Coordinating Housing and Economic Development. HCDCH will receive technical assistance to create more housing units by combining housing and economics.

Ms. Aveiro stated that staff would be responding to HUD before the deadline of April 15, 2005. Staff has yet to receive comments from HUD for its report submitted in March 2005.

MEMO-
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OF
AGREE-
MENT
(MOA)

Ms. Aveiro also noted that HCDCH would need to decide by November 2005 whether or not it would like to continue the administration of the project-based Housing Assistance Payments (HAP) contracts under Section 8. HCDCH is currently subcontracting this with the Housing Authority of Bremerton (Bremerton) who receives 80% of the administrative fees and HCDCH receives the remaining 20%. The incentive fees are shared equally between the two agencies. HCDCH has received approximately \$303,775 while Bremerton has received approximately \$763,000 during the past year. HCDCH can continue subcontracting the work; do all of the work itself and receive all administrative fees; or opt not to administer the contracts entirely.

Ms. Aveiro also stated that in response to the Board’s request, staff has provided detailed information on its work in Development and, Finance Branches. This will be presented later in the meeting. Property Management Branch will be done at a later date due to its recent hiring of its Public Housing Supervisor and the recent selection of the Property Management Branch Chief which was approved by HUD, and, who will begin on May 2, 2005.

Finance Manager Darren Ueki explained that staff issued a Request for Proposals (RFP) for compliance monitoring services in January 2005. Three proposals met all requirements of which staff has rated Spectrum Enterprises as having the highest score in the evaluation process. Spectrum Enterprises would monitor the Low Income Housing Tax Credit, HOME Investment Partnerships, Hula Mae Multi-Family Revenue Bonds, Rental Assistance, Rental Assistance Revolving Fund and Rental Housing Trust Fund programs. This proposal will cost approximately \$406,500 for the three-year contract.

FOR
INFORMA-
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SELECTION
OF
QUALIFIED
CONTRACTOR
FOR
COMPLIANCE
MONITORING
SERVICES
FOR THE
LOW
INCOME
HOUSING
TAX
CREDIT
PROGRAM,
HOME
INVESTMENT
PARTNER-
SHIPS
PROGRAM,
HULA
MAE
MULTI-
FAMILY
REVENUE
BONDS
PROGRAM,
RENTAL
ASSISTANCE
PROGRAM,
RENTAL
ASSISTANCE
REVOLVING
FUND
PROGRAM,
AND
RENTAL
HOUSING
TRUST
FUND
PROGRAM

Acting Chair Jung declared a recess at 12:25 p.m.; meeting reconvened at 1:30 p.m.

(Director Betty Lou Larson arrived at 12:30 p.m.)

RECESS

Acting Chairman Jung reported that the subcommittee has been sharing information and working with the Organization Subcommittee.

CONTRACTS
SUBCOM-
MITTEE
REPORT

Director Thompson reported that the Audit report had been returned by HUD for more follow up. HUD is now requesting a more detailed analysis report to the Real Estate Assessment Center (REAC) scores. Staff has resubmitted its report and it now awaiting HUD’s favorable response.

FINANCE/
AUDIT
SUBCOM-
MITTEE
REPORT
ORGANI-
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SUBCOM-
MITTEE

Director Thompson stated that Chief Planner Janice Takahashi discussed its activities earlier.

Acting Development Branch Chief Tom Otake introduced the staff members of Development Section:

FOR
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BRANCH
STATUS
REPORT

- Stan Fujimoto, Project Manager;
- Leo Domingo, Project Coordinator;
- Chris Sadayasu, Project Coordinator;
- Gary Umeda, Inspector;
- Caroline Ohtani, Acting Branch Secretary
- Mei Hui, Clerk Typist; and
- Emma Deleon, Clerk Typist.

Mr. Otake then went over the major items in the Development Section status report, starting first with the Request for Proposals (RFP) that the Development Section had issued:

- Villages of Kapolei

RFP for three parcels totaling approximately 20 acres, which would accommodate 350-400 multifamily units. RFP’s are due April 29, 2005. Staff has received inquiries nationwide, which include Florida, Virginia, Idaho and California. Local interest from major developers has also been received.

Staff had written the RFP in order to limit the amount of State funding for the proposed projects. A Selection Committee comprised of three members from the public sector as well as three staff members will review all proposals submitted.
- Uluwehi

RFP for new emergency, transitional and affordable housing project at Uluwehi Apartments project site. RFP’s are due July 15, 2005.

Demolition of the existing Uluwehi Apartments is scheduled to begin May 2005.

Mr. Otake noted that the selection and award of the RFP is a lengthy process as negotiations begin on the basic terms of the Development and any Loan Agreements. After agreements are approved, funds may be subject to release by the Office of the Governor. Development Section then administers every phase of the agreements, which include the approval of budgets and amendments, cash flows, project management, among other responsibilities.

Mr. Otake continued by reviewing the status of the ongoing projects. He commented that Act 15 allowed the agency in the past to fast track the development of properties such as Kapolei, Leiali’i and La`i`aopua. The counties, however, have not accepted dedication of the subdivisions resulting in staff being responsible for infrastructure-related matters such as the sewer and traffic signal systems.

Director Thompson asked how HCDCH would be able to eliminate such activities

allowing staff to strictly focus on creating housing.

Director Smith also asked if it were possible to issue an RFP that would allow developers to be responsible for the infrastructure as well.

Mr. Otake said that the three parcels of Kapolei that are being put out for RFP as well as the rest of Kapolei still remain under the rules and regulations of Act 15. As DURF is a revolving fund, staff attempted to retrieve its cost allocation for the various projects whenever possible. Although the public works area is normally not a development function, due to Act 15, staff is bound to be responsible for it until the counties accept them.

Director Thompson agreed with Director Smith's suggestion that an RFP be issued to see whether there would be any interest by the public sector in developing the land including the responsibility of building the infrastructure. This would then enable staff to concentrate on development of affordable housing.

Mr. Otake continued his report with the transfer of Waiahole Valley to the Department of Hawaiian Home Lands which is being opposed by the Waiahole-Waikane Community Association (WWCA).

The Senior Residence at Iwilei and Leialii developments are progressing on schedule.

In response to Acting Chairman Jung's inquiry regarding the Hawaii Youth Patrons (HYP) and its proposed project in the La'io'opua development, Stan Fujimoto stated that HYP did not show that funds had actually been raised other than letters of support from various individuals/groups for the project.

Mr. Otake concluded by noting other activities include financial review of all proposed projects for the Finance Branch to ensure that they are viable, and do architectural and engineering review of projects on an ongoing basis.

Executive Director Stephanie Aveiro commented that the status report would be updated monthly for the Board. Ms. Aveiro noted that staff is in discussion about future housing developments that is still in the preliminary stages of discussion which will be presented to the Board at the appropriate time. A target of 20-40 parcels of land identified in the Geographic Information System (GIS) will be prioritized and consulted with the Board before staff proceeds with any development plans.

(Director Thompson left the meeting at this time - 1:50 p.m.)

Director Larson asked if there was a way to include homeless and/or transitional housing for the parcels that will be identified. Ms. Aveiro stated that developers may be participating in providing for the homeless population within their developments via studio apartment units. Another possibility is issuing an RFP for individual parcels of land scattered throughout the island for development.

Director Smith suggested in view of the fact that interest rates have begun to rise and the construction industry is extremely active, that staff use the RFP for Kapolei as a template to issue another RFP for development of every vacant parcel of land

that has been identified in an "as is" condition. If this RFP could be issued next month, staff can see what response it can get quickly. The RFP could also give more points to those developers who provide units for the lower income households. Director Smith further pointed out that the RFP could be structured wherein all the financing, zoning and project management be done by the awardee rather than staff.

Acting Chair Jung commented that coordinating with the counties would eliminate problems that delay projects such as zoning approval. The use of technology that is available such as the GIS would assist immensely in the discussion of what is available to produce more housing. A joint venture with the various counties would be effective in facilitating the common goal of providing more affordable housing.

Director Larson added that not only affordable housing be targeted, but housing for those receiving financial assistance as well should be targeted.

Designee Manayan moved, seconded by Director Smith

ADJOURN-
MENT

That the meeting be adjourned at 2:05 p.m.

The motion was unanimously carried.

FRANCIS L. JUNG
Secretary

Approved:

